



# California Fair Political Practices Commission

January 22, 1986

Jill Matranga  
Townsend & Company  
1112 I Street, Suite 350  
Sacramento, CA 95814

Re: FPPC No. A-85-261

Dear Ms. Matranga:

This is in reply to your letter dated December 10, 1985, and to confirm the advice I provided to you by telephone, regarding the proper method of reporting loans made to a candidate.

You have asked for FPPC advice on behalf of Glen Craig, candidate for Sacramento County Sheriff, and Christo D. Bardis, Gabriel D. Batarseh and Charles O. Swift, contributors to Mr. Craig's campaign.

The advice provided in this letter is based on the information you have provided me in telephone conversations and on the terms of the "Campaign Loan Guaranty Agreement" you provided. These facts may differ, in some respects, from those described in your letter dated December 10, 1985.

The facts as I understand them are:

Three individuals, Christo D. Bardis, Gabriel D. Batarseh and Charles O. Swift (hereinafter "contributors") have each obtained a personal loan of \$25,000 from The Sacramento Commercial Bank, for the purpose of making a contribution in the form of a loan to Mr. Craig. Bardis, Batarseh and Swift entered into a legally binding agreement with 13 other people (hereinafter "co-signers") which provides that the contributors and the co-signers are equally liable for repayment of the loans, which total \$75,000. Although it is not clear from the "Campaign Loan Guaranty Agreement," you informed me by telephone that the \$75,000 is a loan to the candidate, with a full understanding by all parties that the candidate will repay the loan. The terms of the Agreement will apply only in the event the candidate is unable to repay the loan.

The Agreement further provides that the candidate (referred to as "the Glen Craig for Sheriff Committee" in the Agreement) may call upon the contributors and the co-signers for repayment of the loan.

Based on my understanding of the facts as outlined above, this transaction should be reported in the following manner:

Candidate: On Schedule B, Part I (of FPPC Form 490), the candidate reports separate loans of \$25,000 each from Bardis, Batarseh and Swift, including all required information for each loan. In addition, for each loan, the Candidate must provide the required information for each of the 13 "co-signers." To provide the most complete disclosure, we suggest that the candidate make a notation next to each loan reported on Schedule B, as follows: "See Attachment for Information Concerning Co-Signers." On the attachment to the campaign statement, we suggest the following language:

Personal loans of \$25,000 each were obtained by Christo D. Bardis, Gabriel D. Batarseh and Charles O. Swift from The Sacramento Commercial Bank for the purpose of making a contribution of \$75,000 to the candidate. There is a legally binding agreement between the three of them and the 13 people listed below which provides that all 16 people are equally responsible for repayment of the \$75,000 in the event the candidate is unable to repay the loans. The 13 "co-signers" are:

(List each of the 13 co-signers, including name, address, occupation, employer or name of business if self-employed, and amount of maximum liability)

Contributors: Bardis, Batarseh and Swift must each file a "major donor" campaign statement (FPPC Form 461) because each has qualified as a "committee" under Gov. Code Section 82013(c). In Part II of the Form 461, each contributor reports his loan of \$25,000 to the candidate, including the interest rate charged the candidate. In addition, each contributor must report all required information concerning the loan received from the bank and the co-signers. To provide the most complete disclosure, we suggest that the contributors make a notation next to the entry in Part II of the Form 461, as follows: "See Attachment for Information Concerning Loan and Co-Signers." On the attachment to the campaign statement, we suggest the following language:

Personal loans of \$25,000 each were obtained by Christo D. Bardis, Gabriel D. Batarseh and Charles O. Swift from The Sacramento Commercial Bank for the purpose of making a contribution of \$75,000 to the candidate. The interest rate for my loan from the bank is \_\_\_\_\_. There is a legally binding agreement between Bardis, Batarseh and Swift and the 13 people listed below which provides that all 16 people are equally responsible for repayment of the \$75,000 in the event the candidate is unable to repay the loans. The 13 "co-signers" are:

Ms. Jill Matranga  
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(List each of the 13 co-signers, including name,  
address, occupation, employer or name of business if  
self-employed, and amount of maximum liability)

Thank you for requesting our assistance. We appreciate your  
interest in complying with the campaign disclosure provisions of  
the Political Reform Act. Please call me if you have any further  
questions.

Sincerely,

A handwritten signature in cursive script that reads "Jeanne Pritchard".

Jeanne Pritchard  
Chief, Technical Assistance  
& Analysis

JP:kt



December 10, 1985

Jeanne Pritchard  
Fair Political Practices Commission  
428 J Street, 7th Floor  
Sacramento, CA 95814

Dear Jeanne:

As a result of our recent telephone conversations, this letter is per your request in order to clarify the proper way of reporting the following:

- We are preparing the information required for filing on 1-31-86;
- We are developing a line of credit for \$100,000 with a local bank.
- This line of credit will be made to the campaign committee and cosigned by four people.
- Lawyers will draw up a side agreement for approximately 16 guarantors (persons who, through personal notes, will support the debt along with the four cosigners). This step is to avoid the tedious and lengthy paperwork which would be required by the bank if there were 20 total "co signers". This side agreement was suggested by the bank.

Our questions in reporting to you the above situation are:

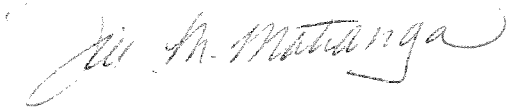
- How will this loan be documented on Form 420, Schedule B?
- Will we list a total amount of the loan, the bank's name, and an attached list of cosigners and guarantors? (example attached)

- How will the dollar division be accounted for? (i.e., should any Form 461 Major Donor statements be filed, and by whom; the bank, the four cosigners or all 20 signers and guarantors?)

I appreciate your immediate attention to these concerns.

Will you please respond to me in writing as soon as possible?  
Thank you.

Sincerely,

A handwritten signature in cursive script, appearing to read "Jill Matranga".

Jill Matranga

"EXAMPLE"

**LOANS**  
**FORM 420, 430 OR 490**  
 (Amounts May Be Rounded To Whole Dollars)

STATEMENT COVERS PERIOD  
 FROM \_\_\_\_\_ THROUGH \_\_\_\_\_

NAME OF CANDIDATE OR COMMITTEE:

I.D. NUMBER (IF COMMITTEE)

**PART 1 - LOANS RECEIVED**

DATE REC'D	FULL NAME AND ADDRESS OF LENDER AND ANY GUARANTORS OR COSIGNERS (IF COMMITTEE, ALSO ENTER I.D. NUMBER OR TREASURER'S NAME AND ADDRESS)	OCCUPATION	EMPLOYER (IF SELF-EMPLOYED, ENTER NAME OF BUSINESS)	INT. RATE	AMOUNT OF LOAN	CUMULA- TIVE TO DATE
3/20/ 85	Your Bank 1 main st. Salto CA 95814			Prime + 2	\$ 100m	
	CD-SIGNERS mr. No. one	Doctor	#1 med. Corp			
	Mr. No. TWO	Lawyer	TWO, TWO, + TWO Inc.			
<input checked="" type="checkbox"/> If more space is needed, check box at left and attach additional Schedules B, Part 1.				SUBTOTAL		

**PART 2 - LOANS REPAYED, FORGIVEN OR PAID BY A THIRD PARTY:**

DATE	FULL NAME AND ADDRESS OF THE LENDER	(a) AMOUNT REPAID	ENTER THIS DATA ON SCHEDULE A ALSO		UNPAID BALANCE
			(b) AMOUNT FORGIVEN OR PAID BY THIRD PARTY	THIRD PARTY NAME AND ADDRESS	
<input type="checkbox"/> If more space is needed, check box at left and attach additional Schedules B, Part 2.		SUBTOTAL			

**SUMMARY**

LOANS OF \$100 OR MORE THIS PERIOD (Part 1)	\$	
LOANS UNDER \$100 THIS PERIOD (Not itemized)		
TOTAL LOANS RECEIVED THIS PERIOD (Line 1 + 2)		
LOANS OF \$100 OR MORE REPAYED THIS PERIOD (Part 2, Column (a))		
LOANS OF \$100 OR MORE THIS PERIOD FORGIVEN OR PAID BY A THIRD PARTY (Part 2, Column (b))		
LOANS UNDER \$100 REPAYED, FORGIVEN OR PAID BY A THIRD PARTY THIS PERIOD (Not itemized) (Also enter this amount on Line 2 of Summary section of Schedule A)		
TOTAL LOANS REPAYED, FORGIVEN OR PAID BY A THIRD PARTY THIS PERIOD (Line 4 + 5 + 6)		
NET CHANGE THIS PERIOD		
(Subtract Line 7 from Line 3) Enter the difference here and on Line 2, Column B of Summary Page	\$	

(May be  
negative figure)

**LOANS**  
**FORM 420, 430 OR 490**  
(Amounts May Be Rounded To Whole Dollars)

STATEMENT COVERS PERIOD  
FROM \_\_\_\_\_ THROUGH \_\_\_\_\_

NAME OF CANDIDATE OR COMMITTEE:

I.D. NUMBER (IF COMMITTEE)

**PART 1 - LOANS RECEIVED**

DATE REC'D	FULL NAME AND ADDRESS OF LENDER AND ANY GUARANTORS OR COSIGNERS (IF COMMITTEE, ALSO ENTER I.D. NUMBER OR TREASURER'S NAME AND ADDRESS)	OCCUPATION	EMPLOYER (IF SELF-EMPLOYED, ENTER NAME OF BUSINESS)	INT. RATE	AMOUNT OF LOAN	CUMULATIVE TO DATE
	<u>COSIGNERS</u> <u>Mr. No. Three</u>	Builder	Elliot Homes			
	<u>Mr. No. Four</u>	Dentist	Self Dr. No. Four			
	<u>GUARANTORS</u> <u>Mr. No. Five</u>	Mgmt.	Plumbing Supply			



If more space is needed, check box at left and attach additional Schedules B, Part 1.

SUBTOTAL

**PART 2 - LOANS REPAID, FORGIVEN OR PAID BY A THIRD PARTY:**

DATE	FULL NAME AND ADDRESS OF THE LENDER	(a) AMOUNT REPAID	ENTER THIS DATA ON SCHEDULE A ALSO		UNPAID BALANCE
			(b) AMOUNT FORGIVEN OR PAID BY THIRD PARTY	THIRD PARTY NAME AND ADDRESS	



If more space is needed, check box at left and attach additional Schedules B, Part 2.

SUBTOTAL

**SUMMARY**

LOANS OF \$100 OR MORE THIS PERIOD (Part 1)	\$	
LOANS UNDER \$100 THIS PERIOD (Not itemized)		
TOTAL LOANS RECEIVED THIS PERIOD (Line 1 + 2)		
LOANS OF \$100 OR MORE REPAID THIS PERIOD (Part 2, Column (a))		
LOANS OF \$100 OR MORE THIS PERIOD FORGIVEN OR PAID BY A THIRD PARTY (Part 2, Column (b))		
LOANS UNDER \$100 REPAID, FORGIVEN OR PAID BY A THIRD PARTY THIS PERIOD (Not itemized) (Also enter this amount on Line 2 of Summary section of Schedule A)		
TOTAL LOANS REPAID, FORGIVEN OR PAID BY A THIRD PARTY THIS PERIOD (Line 4 + 5 + 6)		
NET CHANGE THIS PERIOD		
(Subtract Line 7 from Line 3) Enter the difference here and on Line 2, Column B of Summary Page	\$	

(May be negative figure)

**LOANS**  
**FORM 420, 430 OR 490**  
(Amounts May Be Rounded To Whole Dollars)

STATEMENT COVERS PERIOD  
FROM \_\_\_\_\_ THROUGH \_\_\_\_\_

NAME OF CANDIDATE OR COMMITTEE:

I.D. NUMBER (IF COMMITTEE)

**PART 1 — LOANS RECEIVED**

DATE REC'D	FULL NAME AND ADDRESS OF LENDER AND ANY GUARANTORS OR COSIGNERS (IF COMMITTEE, ALSO ENTER I.D. NUMBER OR TREASURER'S NAME AND ADDRESS)	OCCUPATION	EMPLOYER (IF SELF-EMPLOYED, ENTER NAME OF BUSINESS)	INT. RATE	AMOUNT OF LOAN	CUMULA- TIVE TO DATE
	<u>GUARANTOR 3</u> <u>Mr. No. SIX</u>	<u>Personnel</u> <u>Mgmt.</u>	<u>State of CA.</u>			
	<u>Mr. No. Seven</u>	<u>Sales</u>	<u>Procter &amp; Gamble</u>			
	<u>(ETC. to No. Sixteen ----)</u>					

☐ If more space is needed, check box at left  
and attach additional Schedules B, Part 1.

SUBTOTAL

**PART 2 — LOANS REPAYED, FORGIVEN OR PAID BY A THIRD PARTY:**

DATE	FULL NAME AND ADDRESS OF THE LENDER	(a) AMOUNT REPAID	ENTER THIS DATA ON SCHEDULE A ALSO		UNPAID BALANCE
			(b) AMOUNT FORGIVEN OR PAID BY THIRD PARTY	THIRD PARTY NAME AND ADDRESS	
<input type="checkbox"/>	If more space is needed, check box at left and attach additional Schedules B, Part 2.	(a)	(b)		
	SUBTOTAL				

**SUMMARY**

1. LOANS OF \$100 OR MORE THIS PERIOD (Part 1) .....	\$	
2. LOANS UNDER \$100 THIS PERIOD (Not itemized) .....		
3. TOTAL LOANS RECEIVED THIS PERIOD (Line 1 + 2) .....		
4. LOANS OF \$100 OR MORE REPAYED THIS PERIOD (Part 2, Column (a)) .....		
5. LOANS OF \$100 OR MORE THIS PERIOD FORGIVEN OR PAID BY A THIRD PARTY (Part 2, Column (b)) .....		
6. LOANS UNDER \$100 REPAYED, FORGIVEN OR PAID BY A THIRD PARTY THIS PERIOD (Not itemized) (Also enter this amount on Line 2 of Summary section of Schedule A) .....		
7. TOTAL LOANS REPAYED, FORGIVEN OR PAID BY A THIRD PARTY THIS PERIOD (Line 4 + 5 + 6) .....		
8. NET CHANGE THIS PERIOD (Subtract Line 7 from Line 3) Enter the difference here and on Line 2, Column B of Summary Page .....	\$	

(May be  
negative figure)



**II LOANS MADE TO: (Amounts may be rounded off to whole dollars)**

DATE	FULL NAME & ADDRESS OF RECIPIENT (If committee, also enter I.D. Number or Treasurer's name and address)	NAME OF CANDIDATE AND OFFICE OR NAME OF BALLOT MEASURE AND BALLOT NUMBER OR LETTER AND JURISDICTION		INTER- EST RATE	AMOUNT OF LOAN	CUMULATIVE AMOUNT
		Check one Support Oppose				
SUBTOTAL (Carry with additional subtotals to Line 3, Part IV) \$						

Attach additional information on appropriately labeled continuation sheets.

**III LOAN PAYMENTS RECEIVED AND LOANS FORGIVEN: (Amounts may be rounded off to whole dollars)**

FULL NAME AND ADDRESS OF DEBTOR PLUS PERSON WHO REPAID THE LOAN IF DIFFERENT (If the loan was made to a committee, list the committee's name, address and I.D. Number. If the committee I.D. Number is unknown list the treasurer's full name and street address.)	AMOUNT FORGIVEN	AMOUNT REPAID THIS PERIOD	UNPAID BALANCE
\$			(DO NOT CARRY TO SUMMARY SECTION)

Attach additional information on appropriately labeled continuation sheets.

**IV SUMMARY**

- Expenditures and contributions made of \$100 or more this period (Part 1) ..... \$ \_\_\_\_\_
- Expenditures and contributions under \$100 made this period (Not itemized) ..... \_\_\_\_\_
- Loans made this period (Part II) Include all subtotals ..... \_\_\_\_\_
- TOTAL (Line 1 + 2 + 3) ..... \_\_\_\_\_
- Cumulative expenditures and contributions made from prior statement ..... \_\_\_\_\_
- Cumulative expenditures and contributions made to date (Line 4 + 5) ..... \$ \_\_\_\_\_

**VERIFICATION**

I have not received any contributions during this calendar year.

I declare under penalty of perjury that this campaign statement is true, correct and complete and that I have used all reasonable diligence in its preparation.

Executed on \_\_\_\_\_ at \_\_\_\_\_ by \_\_\_\_\_  
(DATE) (CITY AND STATE) (SIGNATURE OF COMMITTEE TREASURER OR INDIVIDUAL DONOR)

## CAMPAIGN LOAN GUARANTY AGREEMENT

THIS AGREEMENT, entered into this \_\_\_\_\_ day of January, 1986, by, between and among CHRISTO D. BARDIS, GABRIEL D. BATARSEH, CHARLES O. SWIFT, LLOYD ARNOLD, STEVEN BENETO, JR., HARRY BOYAJIAN, KIRK BREED, DON DEARY, GRANT DEARY, WILBUR FORD, DUANE LOWE, JOHN REYNEN, EVERETT THORNE, DAVID TOWNSEND, ROBERT WEINBERG and STEVEN WHITE (hereinafter, collectively, the "Contributors") and CHRISTO D. BARDIS, GABRIEL D. BATARSEH and CHARLES O. SWIFT (hereinafter, collectively, the "Borrowers").

**WHEREAS,** THE Contributors have determined that it is in their best interest to support the 1986 campaign of Glen Craig (hereinafter the "Candidate") for Sacramento County Sheriff by contributing to the Glen Craig for Sheriff Committee (hereinafter the "Committee");

**WHEREAS,** CHRISTO D. BARDIS executed a Promissory Note on December 30, 1985, in favor of The Sacramento Commercial Bank (hereinafter the "Bank") in the principal amount of \$25,000, a copy of said Promissory Note being attached hereto as Exhibit "1";

**WHEREAS,** GABRIEL D. BATARSEH executed a Promissory Note on December 30, 1985, in favor of the Bank in the principal amount of \$25,000, a copy of said Promissory Note being attached hereto as Exhibit "2";

**WHEREAS,** CHARLES O. SWIFT executed a Promissory Note on December 30, 1985, in favor of the Bank in the principal amount of \$25,000, a copy of said Promissory Note being attached hereto as Exhibit "3";

**WHEREAS,** each of the three (3) above-named Promissory Notes evidence unsecured loans of one year in duration, each with a variable annual percentage rate at two (2) percent above the Bank's prime rate, each calling for three (3) quarterly interest payments beginning March 30, 1986, varying in amount from SEVEN HUNDRED EIGHTEEN DOLLARS and 75/100 (\$718.75) to SEVEN HUNDRED FIFTY DOLLARS (\$750) and one (1) payment of principal and interest on December 30, 1986, in the amount of TWENTY FIVE THOUSAND SEVEN HUNDRED TWENTY SIX DOLLARS and 73/100 (\$25,726.73);

**WHEREAS,** funds in the aggregate amount of SEVENTY FIVE THOUSAND DOLLARS (\$75,000) are now available to the committee by virtue of said Promissory Notes, which funds may be disbursed by the Committee in its discretion for campaign purposes at any time;

**WHEREAS,** the Committee shall continue its endeavor to raise additional campaign funds for the Candidate, and the above-stated aggregate amount is not intended to be the primary source of campaign funds raised for the candidate; and

**WHEREAS,** the Contributors desire to distribute equally among themselves the obligation to repay any and all principal and interest which the Borrowers may pay or become obligated to pay pursuant to said Promissory Notes, without the expectation of repayment of any such distribution(s).

**NOW, THEREFORE,** in consideration of the mutual covenants hereinafter set forth, the parties agree as follows:

## ARTICLE I

### 1. Covenants.

**1.1 Contributors' Mutual Covenants.** Each of the Contributors promises to pay to the Bank or to the Borrowers, as directed by the Committee, by December 30, 1986, or on such other date as may be designated by the Committee, a proportional share equal to one-sixteenth (1/16th) of all principal and interest which the Borrowers may pay or become obligated to pay pursuant to each of said Promissory Notes, and any and all extensions and renewals thereof.

**1.2 Notice.** The Committee shall notify in writing each Contributor within thirty (30) days of the 1986 primary election or, if the Candidate succeeds in the primary election and progresses to the general election, within thirty (30) days of the 1986 general election, as to each Contributor's proportional share due to Borrowers to repay sums outstanding, if any, under said Promissory Notes.

**1.3 Penalties for Untimely Payment.** Each Contributor agrees to pay to Borrowers ONE HUNDRED DOLLARS (\$100) per day for every day that all or any part of his proportional share remains due, owing and unpaid after December 30, 1986, or on any such other date as directed by the Committee under Paragraph 1.1 hereof, until his entire proportional share is paid in full.

**1.4 Payments Deemed Contributions to Candidate's Campaign.** The Contributors agree that any and all payments made under this Agreement are deemed contributions to the Candidate's campaign. No Contributor may require repayment of his proportional share from the Candidate or any other party or person as a condition of his performance of the covenants in this Agreement.

## ARTICLE II

### 2. Limitation on Obligation.

**2.1 Proportional Share.** As to the principal and interest which the Contributors collectively may become obligated to pay hereunder, such obligation of each Contributor is limited to one-sixteenth (1/16th) of all principal and interest which the Borrowers may pay or become obligated to pay pursuant to said Promissory Notes.

**2.2 No Joint Liability.** Each of the Contributors contracts severally and not jointly to pay his proportional amount as specified above. In no event shall there be joint and several liability under this Agreement among the Contributors.

## ARTICLE III

**3. Binding Effect and Governing Law.** This Agreement shall be binding upon and shall inure to the benefit of and be enforceable against the parties hereto and their respective successors, heirs, executors, administrators, legal representatives and assigns this Agreement shall in all respects be governed, enforced and interpreted in accordance with the laws of the State of California.

#### ARTICLE IV

4. **Entire Agreement.** This Agreement contains the entire agreement between and among the parties, superseding in all respects any and all prior oral or written agreements or understandings, and shall be amended or modified only by written instrument signed by all the parties hereto.

#### ARTICLE V

5. **Attorneys' Fees.** All the parties agree that if any legal action or any arbitration or other proceeding is brought for collection of funds guaranteed under this Agreement or any instrument securing payment due hereunder, the successful or prevailing party or parties shall be entitled to recover reasonable attorney's fees and other costs incurred in that action or proceeding, in addition to any other relief to which it or they may be entitled.

#### ARTICLE VI

6. **Default.** Default by one or more of the Contributors will not release any other Contributors from their obligations under this Agreement.

#### ARTICLE VII

7. **Due Diligence and Cooperation Among the Parties.** All parties hereto shall use due diligence and cooperation each with the other and further agree to execute any and all documents necessary to complete execution of this Agreement.

#### ARTICLE VIII

8. **Severability.** If any part, term, provision, covenant or condition of this Agreement is held by a Court to be invalid, void or unenforceable, the remainder of this Agreement shall remain in full force and effect and in no way shall be affected, impaired, or invalidated.

**IN WITNESS WHEREOF,** the parties hereto have executed this Agreement on the day and year above first written.

**BORROWERS**

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CHRISTO D. BARDIS

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GABRIEL D. BATARSEH

---

CHARLES O. SWIFT

**CONTRIBUTORS**

---

CHRISTO D. BARDIS

---

GABRIEL D. BATARSEH

---

CHARLES O. SWIFT

---

LLOYD ARNOLD

---

STEVEN BENETO, JR.

---

HARRY BOYAJIAN

---

KIRK BREED

---

DON DEARY

---

GRANT DEARY

---

WILBUR FORD

---

DUANE LOWE

---

JOHN REYNEN

---

EVERETT THORNE

---

DAVID TOWNSEND

---

ROBERT WEINBERG

---

STEVEN WHITE